



State of Connecticut
HOUSE REPUBLICAN OFFICE
STATE CAPITOL
HARTFORD, CONN. 06106

Testimony in Support of HB 5281
Human Services Committee
March 1, 1012

Chairmen Tercyak and Musto, Ranking Members Gibbons and Markley, and distinguished members of the Human Services Committee, I appreciate the opportunity to submit testimony in support of **Raised Bill 5281, *An Act Concerning Fraud Detection in Social Services Programs.***

The House Republican Caucus believes that we can do much more to improve upon the detection of fraud and abuse of the state's social service programs. The programs administered by the Department of Social Services (DSS) help some of the most vulnerable and needy in our society. We believe these programs play a crucial role in sustaining the lives of many of our citizens but we cannot ignore the evidence that sadly shows there is abuse in the system and it is costing the state hundreds of millions of dollars. Especially in these trying times, we owe it to all beneficiaries of state services and our taxpayers to ensure that our neediest are served by these programs while protecting how the state's dollars are spent.

Nationally, Medicaid and Medicare fraud has been estimated to cost \$20 to \$60 Billion a year. In FY 2011, the Federal government collected nearly \$2.4 billion in Medicaid and Medicare fraud judgments and settlements. In the last two years, the Medicaid Fraud Control Unit collected over \$85M in over payments just in Connecticut alone. However, conversations with individuals involved with Medicaid audits suggest that fraud may still be as high as fifteen percent, or more than \$600 million, here in Connecticut. We believe this bill would help build the framework upon comprehensive prevention of fraud and waste in our social service programs. The bill requires DSS to audit fifteen percent of all social programs and further requires them to collaborate with the Medicaid Fraud Control Unit to coordinate increased auditing efforts.

Requiring DSS to audit fifteen percent will provide some assurance that the programs the state sponsors do what they are supposed to and to help avoid issues, like those that we saw this past year surrounding the D-SNAP program. Applications were approved with little verification before issuing benefits. As a result, there were several people who inappropriately received benefits but were not income eligible. The audit of D-SNAP by DSS showed how vulnerable the Department is to abuse and how audits can be done in a reasonable time when resources are put to bear at the right time and the right place. It is

also worth noting that the focus of D-SNAP fraud was on state employees whose incomes are easily verifiable. The incomes of non-state employees are not so easy to verify and may either go undetected or investigated. So, the level of fraud among non-state employees may likely be greater.

We believe that a fifteen percent audit of all programs is not unreasonable. Perhaps the agency may develop a Memorandum of Understanding with the input of the Medicaid Fraud Control Unit in order to create an audit protocol that actually works and is proactive in detecting fraud and abuse of programs. Perhaps the Department of Revenue Services and the State Auditors of Public Accounts may be able to lend support and staff in order to achieve the state's auditing goals envisioned under this bill.

Currently, DSS employs twenty six full-time employees dedicated to auditing fraud and abuse. In addition, it has entered into a contract with a private contractor on a contingency basis to provide recovery audit services for the Medicaid program as mandated by the Affordable Care Act. Any fraud detected by DSS or its contractor is then referred to the Medicaid Fraud Control Unit within the Chief Attorney's Office. The Medicaid Fraud Control Unit has seven investigators who investigate and prosecute cases. Last year, the Unit requested three more investigators, whose positions would have been reimbursed up to seventy five percent by the federal government, and was estimated that they could recoup an additional \$20M on behalf of the state. We would suggest that the language of the bill be amended to add resources to the Unit, provided there is a return on investment as had been suggested.

On a final note, I hope the committee will also review the House Republican Caucus' other suggestion, which has not been raised for a public hearing, but which we believe complements efforts in curbing abuse and fraud. We find it troubling that there are no controls or transparency on how cash is being used from the state's cash benefit programs. It makes sense to ensure that any cash benefits tied to state services be used in a manner that is consistent with the intent of the programs - food and sustenance of the beneficiary, not for expenses related to purchasing things like cigarettes or alcohol. This problem is being recognized nationally as well. In fact, under a new federal law, all states will now be required to employ policies to prevent welfare recipients from using ATM machines in liquor stores, strip clubs and casinos or face a five percent cut in annual TANF funds.

Thank you for the opportunity to come before the Committee and express our thoughts on this important issue. We look forward to working with you on this and other issues that come before us this session. I'd be more than happy to answer any questions you may have.